Japanese Carbon and Alloy Flat Products Exclusion Request

Product Category: Cold-Rolled Products (#4)

(a)	Product Designation/HTS	**Non-Oriented, High Silicon, Magnetic Steel Sheet** 7226.19.9000
(b)	Product Description	Non-oriented, high silicon, magnetic steel sheet with the following characteristics: thickness (0.00196-0.00787" or 0.05-0.20 mm); width (0.7874-23.622" or 20-600 mm); chemical composition (by weight %): C (max 0.010), Mn (max 0.15), P (max 0.015), S (max 0.005), Si (min 5.0, max 7.0), Al (max 0.004); mechanical properties: hardness of 380-420 μ HV (micro vickers); magnetic properties: magnetostriction (< 1.0 x 10-6 (? 10/400 = magnetostriction at 400 Hz, 1T(=10 kg) Non-oriented, high silicon, magnetic steel sheet with the following characteristics: silicon density gradient of between 4 wt% (center) and 6.5 wt% (surface); thickness (0.00196-0.01181" or 0.05-0.30 mm); width (0.7874-23.622" or 20-600 mm); chemical composition (by weight %): C (max 0.010), Mn (max 0.15), P (max 0.015), S (max 0.005), Si (min 4.0, max 7.0), Al (max 0.004); mechanical properties: hardness of 380-420 μ HV (micro vickers); magnetic properties: (strikethrough: saturation induction over 1.85 Tesla) (core loss (strikethrough: W1/10k < 20.4W/kg,) W0.5/20k <24.0 W/kg).
(c)	Basis for Exclusion	See text below
(d)	Names and Location of U.S. and Foreign Producers	See Attachment A
(e)	U.S. Consumption	See Attachment B
(f)	U.S. Production	See Attachment B
(g)	Substitutible Products	See Attachment C

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[ ] is the only steelmaker in the world that produces and sells magnetic cold-rolled steel sheet with a silicon content above 3.5 percent, which it sells under trade names [ ] and [ ] Magnetic steel sheet is a highly specialized steel product, used in the power industry for high-frequency reactors and generators. Its unique features include:

[ ]

- Low Core Loss: Core loss in high frequency ranges is extremely low, significantly reducing heat generation and allowing for the reduction of size of devices.

- Near Zero Magnetostriction: Magnetostriction, which is the deformation resulting from magnetization and is a major cause of noise and vibration in high-frequency reactors and transformers, has been reduced to near zero.

- High Permeability: Permeability is extremely high for a wide range of frequencies.

- Stable Quality: [ ] shows excellent heat stability. Stress-relieving anneals are unnecessary because the unusual deterioration from machining is minimal.

- Non-orienting: [ ] is non-oriented, thus creating virtually no characteristic differences between its rolling direction and transverse to the rolling direction.

[ ]

- Extremely low core loss at high frequencies: At increasing operating frequencies, this steel sheet has consistently lower core loss than that of non-oriented 3 percent silicon steel sheet.

- High saturation induction: The saturation induction is more than 1.85T, which means the steel can be more highly magnetized and still maintain high permeability.

- Good workability: [ ] has good stampability, bendability, and weldability.

[ ] produces non-magnetic steel using a continuous chemical vapor deposition process, which increases the silicon content from 3 percent to 6.5 percent. Other attempts to achieve this silicon level resulted in steel that was too brittle.

There is no other steel product (cold-rolled or any other type of steel) that offers these characteristics. [ ] uses [ ] to manufacture electrical generators known as [ ].[1] Indeed, [ ] specifically designed its product around the non-magnetic, highly conductive characteristics of [ ]. This material is so critical to [ ] that if its supply was interrupted it cause severe difficulties for [ ].

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[1] Affidavit of [ ] (**Attachment D**).

[ ] explained that [ ] are smaller than normal power generators, which increase the applications and efficiency of the system. According to [ ], [ ] uses [ ] No other material has these properties, including other silicon steels made in the United States. Because there is no parallel for this product in the United States, there is no domestic industry that could possibly be injured by imports. Therefore, imports of non-oriented, high silicon, magnetic steel sheet should be excluded from this investigation.

Finally, imports of high silicon magnetic steel are typically more expensive than U.S. cold-rolled steel. As shown in **Attachment B**, the unit price for non-oriented, high silicon, magnetic steel sheet from Japan ranged from [ ] during the period of investigation. Compare these prices to pricing data collected by the Commission for selected pricing products which are intended to be representative of U.S. prices of cold-rolled steel products in general.[2] This attachment demonstrates the massive overselling of this specialty product imported from Japan. Imports of high-priced specialized products have no detrimental effect on the domestic industry and warrant exclusion from any remedy recommendation. Therefore, we urge the USTR to exclude non-oriented high-silicon, magnetic steel sheet from any 201 remedy.

[2] *See* ITC's Staff Report at Tables FLAT-70, FLAT-71 (public version).

Attachment A

Foreign Producers

[ ]

- [ ]
- [ ]
- [ ]

Domestic Producers

- No Known Domestic Producers

COLD-ROLLED

Non-Oriented, High Silicon, Magnetic Steel Sheet

Quantity						**January - June**		**Projections**				
Company	**1996**	**1997**	**1998**	**1999**	**2000**	**YTD 2000**	**YTD 2001**	**2001**	**2002**	**2003**	**2004**	**2005**
[	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0	0]

Value *						**January - June**		**Projections**				
Company	**1996**	**1997**	**1998**	**1999**	**2000**	**YTD 2000**	**YTD 2001**	**2001**	**2002**	**2003**	**2004**	**2005**
[	0	0	0	0	43,081	46,628	37,462	67,661	135,321	250,056	250,056	250,056
Total	0	0	0	0	43,081	46,628	37,462	67,661	135,321	250,056	250,056	250,056]
Unit Price	N/A	N/A	N/A	N/A	N/A	N/A	N/A					
U.S. Production	0	0	0	0	0	0	0	0	0	0	0	0
Imports from Other Countries	0	0	0	0	0	0	0	0	0	0	0	0
Total U.S. Consumption												
[Quantity	0	0	0	0	0	0	0	0	0	0	0	0]
[Value	0	0	0	0	43,081	46,628	37,462	67,661	135,321	250,056	250,056	250,056]

Attachment C

Known Substitutable Products: None

U.S. Production: None

U.S. Producers: None

Attachment D

PUBLIC VERSION

AFFIDAVIT OF
[[ ]
[ ]

I, [ ] declare and state to the best of my knowledge, information, and belief, that:

1. [

]

2. [

]

3. We use [ ] Super E-Core in the generator part of the [ ] Super E-Core has the highest silicon content available – 6.5 percent silicon. Domestic silicon steel has no more than 3.5 percent silicon. Higher silicon improves the generator's efficiency by lowering core loss and saving that power. It also reduces heat dissipation, which extends the life of the generator.

4. [ ] Super E-Core therefore contributes to the success of our business. It would be entirely unfair for the Commission to find that this product hurts the domestic steel industry. We cannot find this or any product like it in the United States. Indeed, if our access to this material were restricted, it would be harmful to our business. It would take at least 24-30 months to redesign our product to incorporate a different kind of steel. This would obviously prevent our ability to meet product delivery commitments. I urge the Commission to exclude this product from its investigation.

[_____]

Dated: 11-12-01

PUBLIC VERSION

NOT CAPABLE OF SUMMARY